

Glossary on Basic Banking

- Deposit** - Deposit means putting money (cash or cheque) into your account. To do this, you may be asked to fill in a deposit slip.
- Withdrawal** - Withdrawal means taking money out of your account in person or by your authorized representative. Cash withdrawal can be made in two ways - by using a withdrawal slip or by writing a cheque.
- Passbook** - A book in which all the transactions in a bank account are noted. This book may list the transaction codes and the customer's responsibilities.
- Savings Account** - A savings bank account is the most common operating account for individuals and others for non-commercial transactions. A savings account helps you to put through day-to-day banking transactions such as depositing money, withdrawing/transferring money etc., besides earning some return on the savings made. Banks generally put some ceilings on the total number of withdrawals permitted during specific time periods, say, monthly.
- Joint Account** - Can be opened by two or more persons in their names jointly.
- Account Number** - Each account will be allotted a distinctive account number, which will be recorded in the passbook to be supplied to the account holder (s). This number must be quoted in the pay-in-slips, cheques or withdrawal forms used, and also in all correspondence addressed to the bank by the account holder (s).
- Fixed Deposit or Time Deposit** - Time deposits are deposits accepted by banks for a specified period of time. In terms of RBI directives the minimum period for which term deposits can be accepted is 15 days. The banks generally do not accept deposits for periods longer than 10 years.
- Recurring Deposit** - It is a term deposit account which allows fixed monthly deposits which can normally be withdrawn only at the end of the stipulated period.
- Nominee** - The nominee, in the event of death of the depositor/s, would receive the balance outstanding in the account as a trustee of legal heirs. The depositor will be informed of the advantages of the nomination facility while opening a deposit account.
- Interest** - Banks pay interest on the balance held in a bank account. Interest is paid on the minimum credit balance maintained between the 10th day and last day of each calendar month in the account and at the rate in force in accordance with RBI directives after deduction of tax at applicable rates. The rate of interest on deposits will be prominently displayed in the branch premises.

No-frills Account - This account comes with very low minimum balances as well as low/ nil charges, to cater to the needs of individuals from the vast sections of population who are, otherwise, not fulfilling certain conditions of our existing savings bank account requirements.

For more information or to order this comic book, please write or call :

**Reserve Bank of India
Information Cell**

6, Sansad Marg, New Delhi-110001
011-23731463

Email id: infocellnewdelhi@rbi.org.in

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Rashtriya

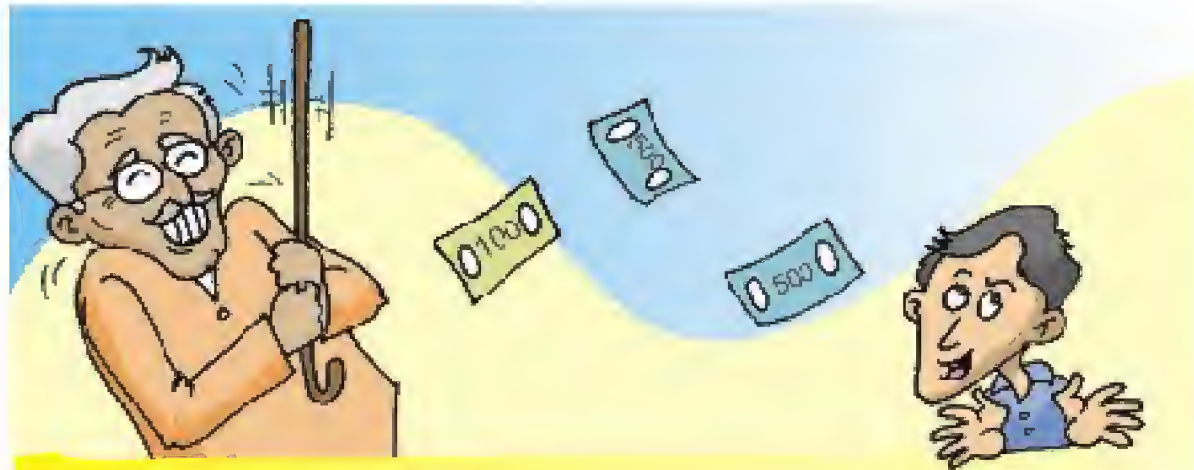
RBI Financial Education Series

Issue-I
Basic
Banking

Raju and The Money Tree



RESERVE BANK OF INDIA
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Join Raju in his journey beyond the Money Tree in this comic book brought out by the Reserve Bank of India. The saga of Raju's experiences is also available at www.rbi.org.in/commonperson



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Raju and The Money Tree



Raju lived with his old mother in a small village.



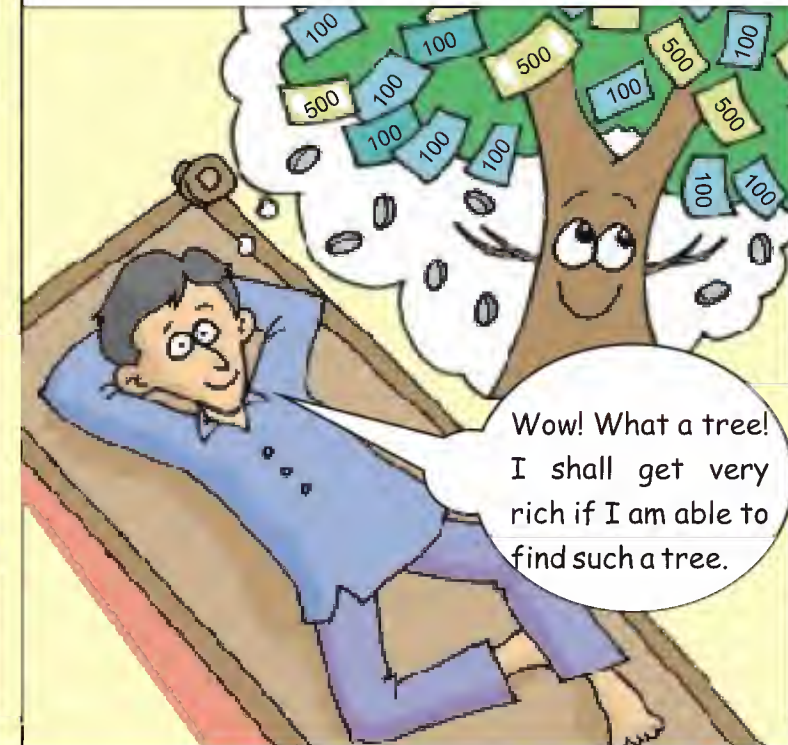
Raju was very lazy. He passed his time sleeping all day and dreaming about getting rich.



His mother barely managed two square meals a day by working day and night.



One day Raju dreamt about a tree on which money grows.



Immediately he left his home in search of the money tree.



He walked day ...



and night without any food and water.



One day Raju decided to rest under a tree. As usual he started dozing.



He was suddenly awakened by an old man who was staring directly into his eyes.



Who are you?

People call me Gopi Chacha. But who are you? Why are you looking so tired?

I am Raju and I am travelling.



Where are you going?

I am searching for a tree on which money grows.



What? How can anybody be so dumb?



But Raju was puzzled. The old man decided to do something for Raju.



Don't worry. You have reached the right place. I will give you some seeds.

You take them back to your home and plant them in your garden.



Afterwards plants will grow out from these seeds. You have to take good care of all the plants. Soon the plants will become trees on which money will grow

But remember; don't tell anybody about this, otherwise all the powers of the seeds will vanish.



He thought the old man must be an angel. He had helped him discover the tree on which money grows.



Please do come to our house. My mother will be glad to meet an angel like you.

Don't worry. I will come to your village after a year when your trees will be full-grown.



Raju thanked the old man for all his help and left for his village.

Raju's mother was overjoyed to see her son return home.

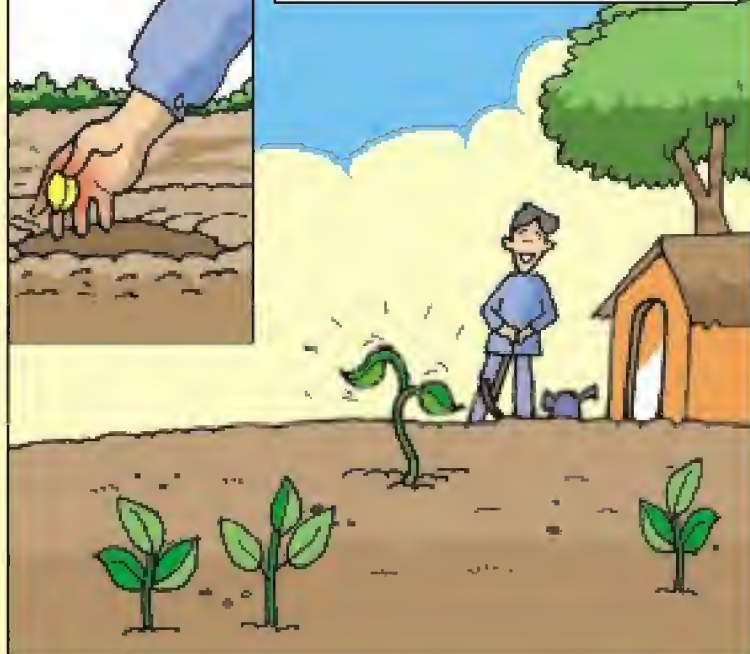


But Raju was a changed boy now. He proceeded straight to his garden and cleared all the shrubs and bushes that had grown out of years of neglect.

He planted the seeds.



Soon plants started to grow. He watered them everyday. He guarded them day and night.



A year passed and the plants became full-grown trees. But there was no sign of money!



Soon the season changed. Flowers came on the trees. Raju had never seen such flowers before. Their fragrance started spreading far and wide.



The whole village became curious about Raju's flowers.



The remaining flowers turned into fruits. The merchant bought the fruits too and gave Raju more money.



One village merchant wanted to sell Raju's flowers in the town. He purchased some of the flowers and paid Raju a handsome price.



Raju had suddenly become rich. He then remembered the old man.



So, the old man was very right after all. Money does grow on trees!

But what to do with the money now?



He repaired his old house and purchased new clothes for himself and his mother.

But still much of the money was left. Raju decided to save them for future use. He kept them in a box in his house.



But soon disaster fell. Rats ate all his money.



Everything was lost. Raju was shocked. Seeing Raju shocked and distressed, his mother tried to console him and pull him out of his depression.



She suggested that Raju should try to get in touch with the old wise man who will be able to guide him out of this loss.

Next day by coincidence the old man visited Raju's house.



Raju told him the whole story- how plants became trees, how flowers came on the trees, how he sold them to earn money, how he kept the money in a box for future use, how he had lost everything to rats.

The old man again started laughing. Raju was surprised.



So the rats ate all your hard earned money, right?

Yeah. My only mistake was that I didn't kill the rats before keeping my money in the box. Had I done that I would not have lost my money.



No. You still could have lost it. You may kill rats but what about a thief taking away all your savings?



It is always risky to keep all your savings at home.



But what else could I do? There is no other place to keep all my savings safely.



Very simple. Keep all your savings in a bank.



Bank? What is a bank?



A bank is a place where you can safely deposit your money. It is like your piggy bank in which you store money.



Along with your money, a bank keeps the money of many other people.



Each person is given a book which shows how much of his money the bank has.

Date	Particulars	Debit	Credit	Balance
1.1.2000	Opening Balance		1000.00	1000.00
15.1.2000	Deposit		500.00	1500.00
30.1.2000	Withdrawal	200.00		1300.00
31.1.2000	Balance			1300.00



There are many banks in our country. One such bank is located in your neighbouring village also. Why don't you find out? It is located near **the school.**



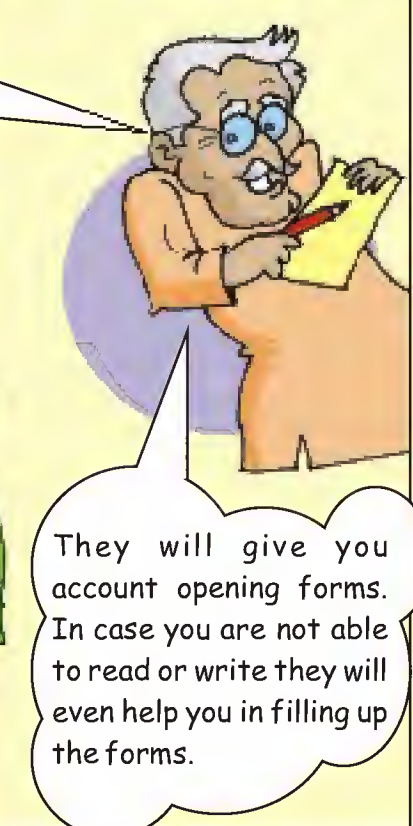
Oh! That yellow building? Is that a bank? Of course I have seen it from outside. But, I really wonder what they do there?



There is nothing really to wonder. Inside the bank you will find people like you and me sitting across the counters. You can go there and ask them how you can deposit your money for safe keeping.



They will tell you everything about opening a bank account which is an entry in their register in your name to show how much money you have kept with them.



They will give you account opening forms. In case you are not able to read or write they will even help you in filling up the forms.

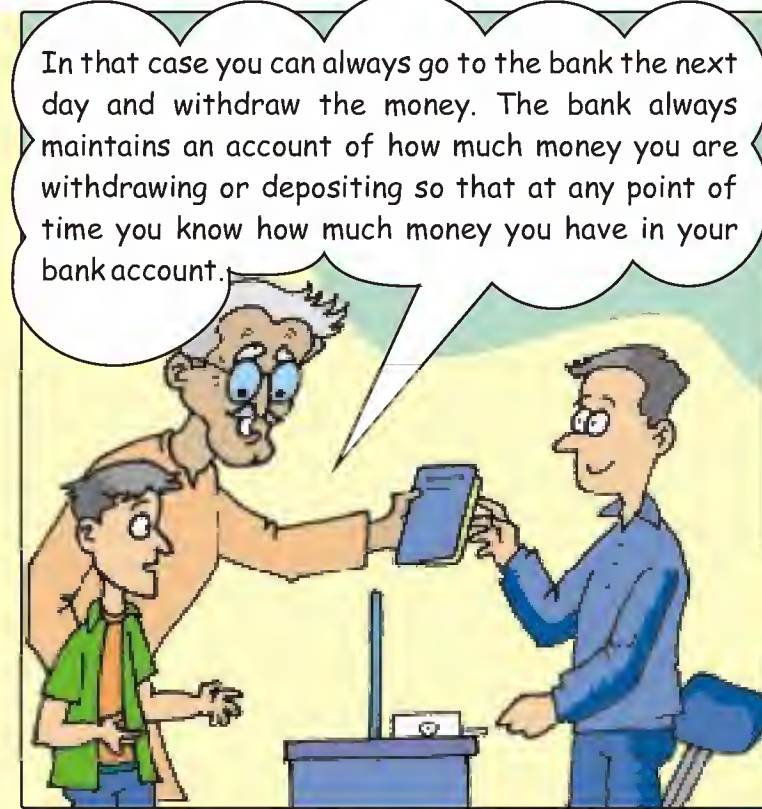


After you open an account, you can deposit your money into the bank.

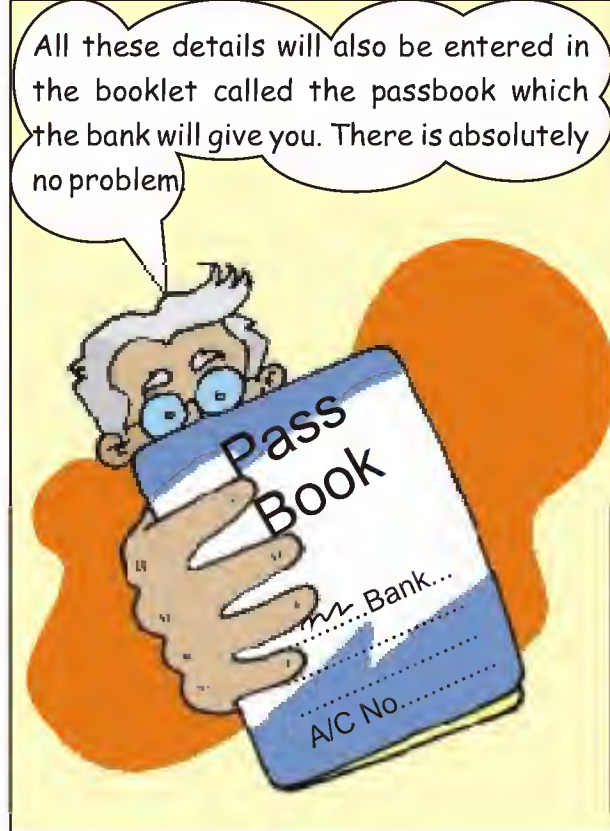


Deposit the money?

But what if I require the money the next day?



In that case you can always go to the bank the next day and withdraw the money. The bank always maintains an account of how much money you are withdrawing or depositing so that at any point of time you know how much money you have in your bank account.



All these details will also be entered in the booklet called the passbook which the bank will give you. There is absolutely no problem.



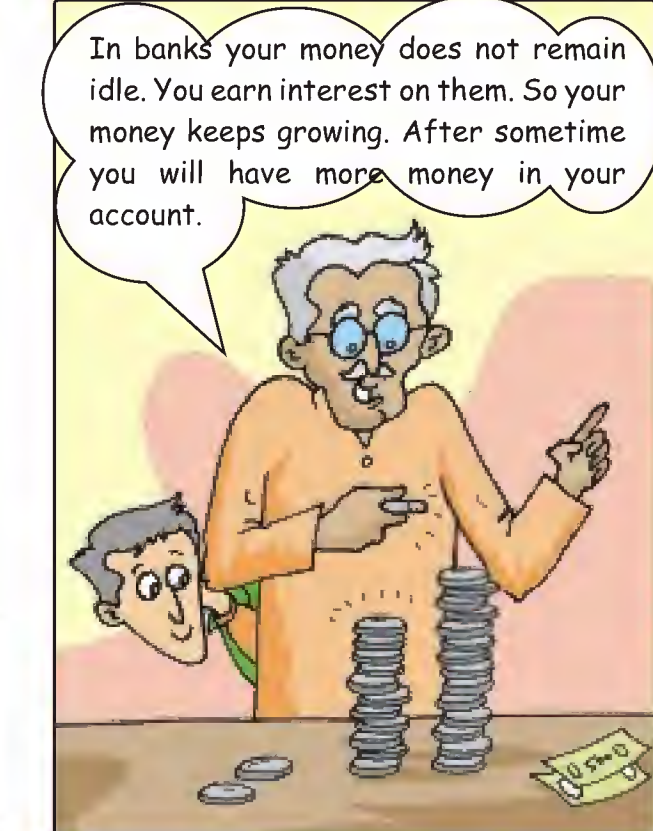
But tell me how safe is the money in the bank? What will happen if the man running the bank disappears from the village the next day?



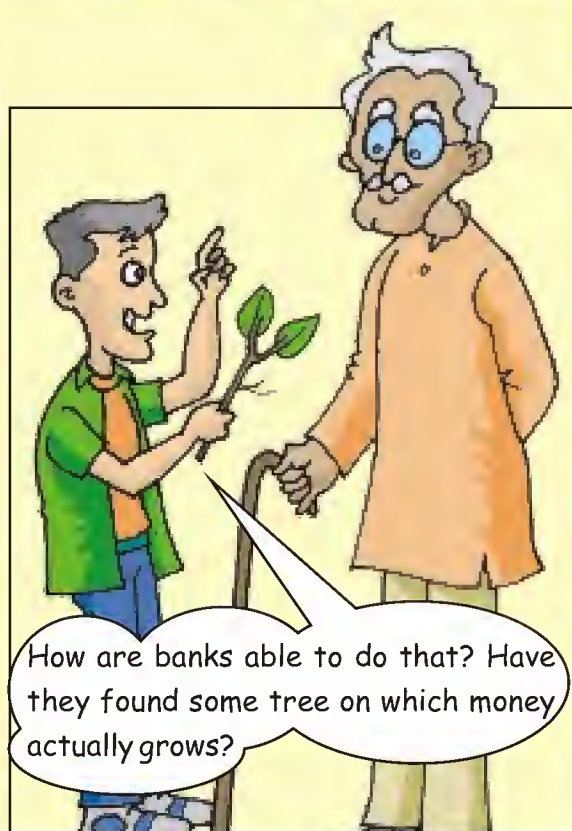
Bank deposits are very safe. Government agencies always keep an eye on the fellows running the bank.

Advantages? Like?

So they can't disappear overnight. On the contrary there are many advantages of keeping your money in the bank.



In banks your money does not remain idle. You earn interest on them. So your money keeps growing. After sometime you will have more money in your account.



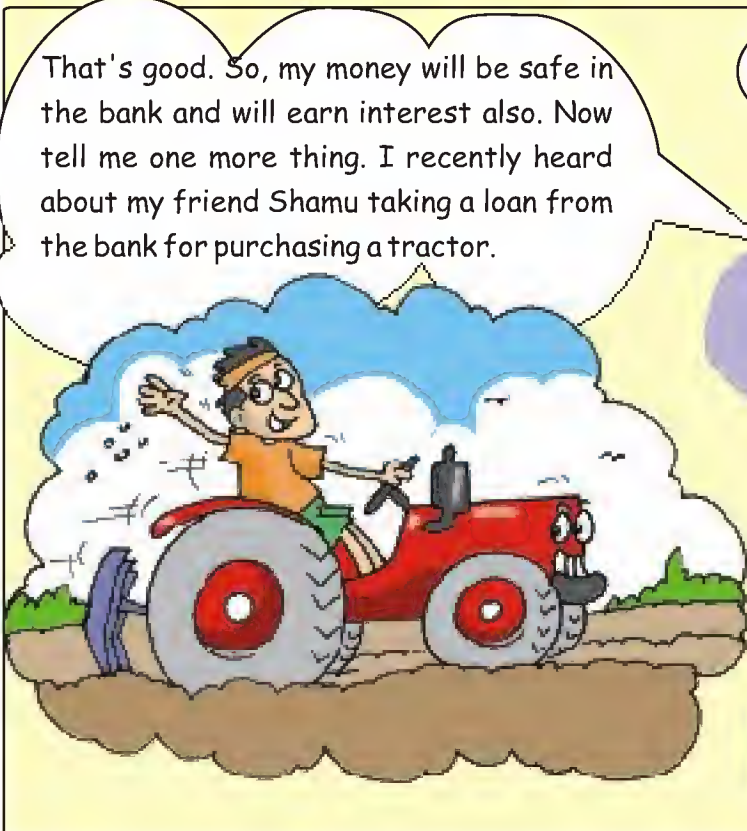
How are banks able to do that? Have they found some tree on which money actually grows?



It is very simple. The banks lend the money that you deposit in your account to some person who needs money to buy something or to run his business.



Banks charge interest for the money lent. Banks keep some of this interest and give you some. This is how your money continues to earn money when it is in the bank.



That's good. So, my money will be safe in the bank and will earn interest also. Now tell me one more thing. I recently heard about my friend Shamu taking a loan from the bank for purchasing a tractor.



Can I also do the same?



You can surely take a loan from the bank.



Purchase seeds and fertilizers with that money. Plant fruits and vegetables in your garden. Then you can earn more money by selling them in the market.

With that money you can repay the loan...

and keep the extra money safe in your bank account.



I have one more question in my mind. My mother is with me and I would like to keep some money for her. Can she also open an account in the bank?



Yes. A separate account can be opened in her name where either she can deposit the money she has or you can transfer money from your account to her account.

You can also include her name along with yours for jointly holding the account.



But you must remember



....that whether it is your account or your mother's account separately or jointly....



...you must choose a person for whom you would like to leave the money if something unfortunate were to happen to either of you.



This person will be the 'nominee'.



I really thank God for the day I first met you.



You have told me the secret of the tree on which money grows and how to keep it safe. I will take my mother and go to the bank tomorrow itself to open the account.



Lets go to the bank, maa.



Story by Manoj & Shailaja
Art by Anupam Sharma